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United States Government **Department of Energy**

memorandum

DATE: July 11, 2007

REPLY TO
ATTN OF: IG-40

SUBJECT: Letter Report on "Alleged Unnecessary Protective Force Equipment Purchases at Pantex" (Report No. INS-L-07-07, Inspection No. S06IS031)

TO: Manager, Pantex Site Office

This is to advise you of the results of an Office of Inspector General (OIG) inspection regarding allegations of the acquisition of unnecessary protective force equipment at the Department of Energy's Pantex Plant.

BACKGROUND

Pantex has five primary operational missions: nuclear weapons assembly, nuclear weapons disassembly, evaluation of nuclear weapons, high explosive research and development, and interim plutonium pit storage. Pantex is the only nuclear weapons assembly and disassembly facility in the United States. As such, it is one of the Department's most sensitive facilities, requiring a high level of physical security.

The OIG received an allegation that certain purchases of equipment for the protection of Pantex were unnecessary. Specifically, it was alleged that Pantex:

- Purchased over 600 Bushmaster M-4 carbine rifles that had never been issued;
- Purchased 650 M-203 grenade launchers that were being scrapped because Pantex officials determined the M-203 was "not suitable for the mission intended"; and,
- Spent $30 million to purchase an Aircraft Detection System (ADS) to detect incoming helicopters; however, the ADS was a "hit or miss" system with a lot of false alarms.

The OIG initiated an inspection to address these issues.

RESULTS OF INSPECTION

During the inspection, Pantex provided what appeared to be a valid basis for the three questioned acquisitions. However, regarding the M-4 Bushmasters, their deployment was delayed for over 2½ years, which we found to be unacceptable from both a security and an economic perspective. To a large extent, the deployment delays were caused by flaws in planning by responsible Pantex contractor and Federal officials. For example, authorization to deviate from security requirements associated with the deployment of the M-4s was not sought until after the M-4s were purchased. In addition, safety matters, such as the development of weapon procedures, were not addressed timely. Regarding the M-203 grenade launchers, we determined that a significant number of the weapons were deployed and that there were no current plans to eliminate them from the Pantex arsenal.

Regarding the ADS, we confirmed that, as alleged, it was plagued with a high false alarm rate. However, Pantex indicated that it had taken a number of steps to significantly lower the rate and that further actions were underway. Until this effort is completed, we believe it is important for Pantex to ensure that the protective force continues to respond to every ADS alarm in accordance with applicable procedures.

We concluded that, while the equipment purchases may ultimately enhance the security posture at Pantex, the deployment delays and related planning issues associated with the acquisitions raised concerns as to whether taxpayer funds were used as efficiently as possible.

M-4 Bushmasters

Pantex purchased 472 M-4 Bushmasters in September 2004 and 30 M-4 Bushmasters in November 2005 at a total cost of $390,963. We were told by Pantex officials that the M-4s were purchased in response to a February 2002 Iterative Site Analysis. We confirmed that, among other things, the Analysis called for upgrades to protective force weapons. As of April 2007, however, Pantex had yet to deploy these weapons at the site. Pantex officials informed us that the delay was due to: implementing the 2003 Design Basis Threat; obtaining authorization to deviate from Department weapon requirements; and implementing safety precautions, including proper storage and utilization procedures. These factors notwithstanding, we believe that a delay of over 2½ years in fielding the M-4s was unacceptable given the security requirements at Pantex and the economics involved. We concluded that a large portion of the delay could have been avoided had there been adequate pre-acquisition planning.

M-203 Grenade Launchers

The Pantex site protective force equipment inventory included a total of 68 M-203 grenade launchers. Sixteen were purchased for $20,160 in November 2004, 36 were purchased for $45,360 in March 2004, and 16 were obtained as excess from the Department's National Training Center in July 2002. A significant number of the weapons were deployed. We were told by Pantex officials that the M-203 was initially intended to be an interim weapon. They acknowledged that, as a result, the M-203 may be eliminated from the inventory in the future. With respect to suitability, a site contractor analysis of weapons at Pantex examined whether the M-203 should be retained as a protective force weapon, and a draft report on the analysis recommended limited issuance of the M-203. We were told that there were no current plans to eliminate the M-203s from the Pantex arsenal and that no action had been taken on the results of the draft analysis report.

ADS

We determined that the decision to procure the ADS was in response to a June 7, 1989, Department memorandum that called for protection against an airborne threat. The ADS specifications were developed in 1998, and site installation was completed in 2001. The ADS was initially allocated $3.6 million in early 1998 for development and testing, with an additional $2.49 million allocated after installation for system modification and upgrades.

The ADS was fully incorporated into Pantex's Site Safeguards and Security Plan (SSSP) in 2005. Pantex officials acknowledged that the false alarm rate for the ADS was initially a

serious problem. However, Pantex officials also said that they had been successfully working with the commercial developer of the ADS to significantly lower the false alarm rate. The National Nuclear Security Administration's Office of Program Requirements, which is responsible for concurrence with Pantex's SSSP, was aware of the ADS false alarm rate. An official in that office told us that his office ensures that Pantex's SSSP only takes credit for protection that can be validated and that the ADS was correctly factored into the site's Vulnerability Analysis process.

RECOMMENDATIONS

Given the sensitivity of operations at Pantex and the significant commitment of resources to provide appropriate security at the site, we concluded that prompt action is needed to ensure that necessary protective force equipment is deployed on a timely basis and that the false alarm rate for the ADS is addressed. Consequently, we recommend that the Manager, Pantex Site Office:

1. Prior to future weapons purchases, identify and resolve obstacles that may delay deployment; and,

2. As Pantex works to sufficiently lower the false alarm rate associated with the ADS, closely monitor protective force personnel response to ADS alarms to ensure that applicable procedures continue to be followed.

MANAGEMENT REACTION

In comments on a draft of this report, NNSA concurred with recommendation 1 and indicated corrective actions are underway. NNSA initially did not concur with recommendation 2; however, after a discussion between the OIG and NNSA, NNSA agreed that the recommendation should be implemented. NNSA's written comments are included in their entirety as an appendix to this report. Both recommendations are open and need to be tracked in the Departmental Audit Report Tracking System.

This inspection was conducted in accordance with the "Quality Standards for Inspections" issued by the President's Council on Integrity and Efficiency. We appreciate the cooperation we received from your staff during the inspection. If you have any questions concerning this review, please contact Mr. Richard Curran, Team Leader, Southwest Region, at (505) 845-5153 or me at (202) 586-4109.

Christopher R. Sharpley
Deputy Inspector General
for Investigations and Inspections

Attachment

cc: Chief of Staff
Chief Health, Safety and Security Officer
Director, Policy and Internal Controls Management (NA-66)
Director, Office of Internal Review (CF-1.2)

Attachment

Department of Energy
National Nuclear Security Administration
Washington, DC 20585

JUN 08 2007

MEMORANDUM FOR Christopher R. Sharpley
Deputy Inspector General
For Investigations and Inspections

FROM: Michael C. Kane
Associate Administrator
For Management and Administration

SUBJECT: Comments to Draft Inspection Report on Protective Force Equipment Purchases at Pantex; S06IS031/2007-02052

The National Nuclear Security Administration (NNSA) appreciates the opportunity to review the Inspector General's (IG) draft report, "Alleged Unnecessary Protective Force Equipment Purchases at Pantex." We understand that the IG conducted this inspection based on allegations that certain purchases of equipment were unnecessary. While the IG was unable to substantiate the allegations, it believes they were warranted due to delays in deployment of equipment. NNSA believes the audit results confirm that the allegations were without merit.

Regarding the allegation related to the Aircraft Detection System, NNSA rejects both the allegation and the recommendation. The Aircraft Detection System was selected to address plant protection needs and it is actively employed for that purpose. There were no existing requirements/ standards for the performance of this type of system. Hence, Pantex has proactively established site-specific criteria used to measure the reliability and performance of the system. The report recommends close monitoring of pretective force response to ADS alarms, but neither the allegation nor the audit results suggest that alarm response procedures were a concern. Unless there is reason for concern, this recommendation should be deleted from the report.

Regarding the recommendation related to the deployment of weapons purchases:

- Due to various safety considerations, BWXT is currently evaluating the carrying configurations for various post and patrol duties using input from the Site's protective force officers and

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former contingency force augmentees. Recommendations are scheduled for completion and decision making by BWXT management by June 8, 2007.

- To further enhance protective force deployment efficiencies, BWXT Pantex developed and implemented a formal process that is used to ensure new technologies and equipment are evaluated and deployed in a timely manner. This process includes identification of performance requirements, market surveys, testing and evaluation and detailed implementation planning.

Should you have any questions about this response, please contact Richard Speidel, Director, Policy and Internal Controls Management.

cc: Steve Erhart, Manager, Pantex Site Office
William Desmond, Associate Administrator, Defense Nuclear Security
David Boyd, Senior Procurement Executive
Karen Boardman, Director, Service Center